

STRATEGY FOR WEEK 23 October – Major US stock indices closed in negative territory last Friday [20 Oct] as rising yields and mixed earnings weighed on market sentiment. Treasury yields remained elevated, with the 10-year yield slightly retreating after crossing the 5% mark. Fed Chairman Powell's remarks suggested that the central bank would hold rates steady at its next meeting but also hinted that a stronger economy could lead to higher-for-longer interest rates. This coming week will see one of the busiest weeks on the earnings calendar in the US, with major tech firms such as Alphabet, Microsoft, Meta, and Amazon set to release their results. Other big companies to watch include 3M Co, Coca-Cola, General Motors, Spotify, Verizon Communications, Snap, Visa, Mastercard, Automatic Data Processing, Boeing, CME Group, Merck & Co, Ford Motor, Intel, Chevron, and Exxon Mobil. Turning to the economic calendar, the US will publish the advance estimate of third-quarter GDP, along with September's personal outlays and income. Stuffy and boring one could surmise but invaluable as a possible economic predictor and it is expected that the US economy expanded by an annualized rate of 4.1% in Q3,, marking an acceleration from the 2.1% growth in the previous quarter, due in part to robust consumer spending and increased private investment. It is anticipated that core PCE prices will have risen by 0.3% in September, a slight increase compared to the 0.1% gain observed in August. Facts and detail may well be suffocating but provides important information on the FEDs sentiment in assessing interest rate direction. Last week the US government posted a budget deficit of USD \$171 billion in September 2023, narrowing from a USD \$430 billion gap in the corresponding month of the previous year, and compared to market expectations of a USD \$78 billion deficit. So much spending, Looks like the money printing presses are rolling again. Better news on the credit front in the UK. Moody's credit rating agency has dropped its negative outlook on the UK, citing the restoration of "policy predictability" after the mini-budget implemented last year and "more conciliatory" approach to EU trade. Standard & Poor's credit rating for the United Kingdom stands at AA with stable outlook. Moody's credit rating for the United Kingdom was last set at Aa3 with stable outlook. Last week's political shift in recent UK bye elections is a starter for ten of a possible 1997 moment where the swing to an alternative Government in the UK could well be on the cards. That being so one has to recognise that trading sentiment may well be guided by possible change in another Government. The Autumn Statement in November may well be an important moment in fiscal policy planning. As always market sentiment will be influenced by uncontrolled factors as recent events in the Middle East has come to show. October has traditionally been regarded as a favourable month for stock Market Performance. The portfolio performance for October has seen a -3.5% decline yet there are some positive increases. Devon Energy saw a +11.2% increase with Thungela Resources seeing a +6.6% increase week on week. The backdrop of geopolitical issues has obviously played a role in the current resource arena. WTI crude futures settled above \$88 per barrel last Friday [20 Oct] and notched the second straight weekly gain, as the global oil market faces supply concerns and fears that the Israel-Hamas conflict that may spread in the Middle East. Modine Manufacturing has in the past proved to be a resilient performer yet last week dowdy performance saw a -15% decline with Amphaster [-5.3%] and Tecnoglass [-5%] week for week declines. This coming week will be important to see if Modine's decline is a temporary set back or possible larger retracement. UKs stocks IG group [-3%] and Virgin Money [-3%] week on week were consistent with the current October range bound performance. Arbor Realty continues to frustrate, and I await the target price of \$16.10. October in the past has been witness to some very large one day falls. Current events in the Middle East may well filter into market sentiment. Patience rather than panic is my strategy for the rest of October.

STRATEGY FOR WEEK 9 October – In the US Wall Street closed sharply higher on Friday [6 Oct], boosted by megacap stocks as traders were assessing a fresh jobs report. The data showed that US payrolls increased the most in eight months in September, signalling a tight labour market wages growing at a slower pace. The Dow Jones finished 287 points higher after an earlier 270-point loss while the S&P 500 and the Nasdaq rose 1.2% and 1.6%. For the week, the Dow ended slightly higher, while the S&P 500 gained 0.6% and the Nasdaq 1.3%. In the United States, attention will be on the inflation report, FOMC meeting minutes, speeches by Federal Reserve officials, wholesale price data, and the Michigan Consumer Confidence Index. It also heralds the start of the earnings season with major companies. The FTSE 100 index closed higher at 7,495 on Friday, overcoming a momentary dip after the hot payroll reading in the United States resumed last week's bond rout and pressured equities worldwide. Much has been said of the need for growth by politicians who I humbly suggest have no real economic insight on how economies work and the impact on deluded policy initiatives which sprout economic incompetence. Politicians should be advised the consequences of their actions on their impact of their suggested solutions before throwing the baby out with the bathwater. A case in point is the ill fated previous ex Prime Minister Liz Truss short 45 days leadership whose dogmatic economic blundering impact from her 'mini budget' still reverberates today. Like a bull in a china shop her previous ambitious plans alas scuppered the UK economy. Last weeks return as a returning messiah is as laughable as the angelic trump's countless mantra of being a victim. Brand Management seems now to be the new kid on the block. What's this have to do with trading one may ask. Brand is everything and should be protected at all costs since a company's share price is often dependent on the perception of that brand. A case in point is last week's sudden flash crash in Metro Bank with a -20% decline on rumours and speculation of capital shortfall. Trading strategies can be developed on probability assessment on the likelihood of an event occurring. A recent bond market sell-off has now sent borrowing costs rocketing again, pushing the bond market even higher. This means borrowing costs are rising for businesses, as well as for the government. UK 30-year bond yields hitting highs last seen in 1998. Right now, UK treasury yields are rising because investors are trying to sell UK government bonds – falling demand makes the price drop. The expected rise in interest rates means investors do not want to hold bonds whose value will fall as a result. Since the Bank of England's decision not to raise the interest rate in September, the value of the pound has fallen versus the US dollar. The higher yields imply higher borrowing costs, including interest payments for the government, as well as both mortgages and business loans. The fall in the value of the pound means that imports are more expensive. Together with the fact that many commodities (such as oil) are priced in US dollars, this can contribute to higher inflation. Since the UK economy is barely growing, both issues will continue to have a dampening effect on the UK. Last week the portfolio saw a neutral -0.91% fall. My continued patience of monitoring meant some ups and down. Modine Manufacturing and EQT corporation continues to again show promise with both a +5.3% increase week on week increase. With a spirited comeback, of Amphaster [+2.3%] and Tecnoglass [+2.4%]. Laggards Arbor Realty [-10%] Devon Energy [-8.6%] Thungela [-5%] Virgin Money [-6%] all showing signs of wear and tear. The demise of oil producer Devon Energy in recent weeks has been stark showing that bad apples can bring down portfolio with relative ease. Alas DVN and TGA has past the point of no return, retention is based on cultivating the starssuch as Modine. This week I will again be in a watchful mood. The market will continue to look for direction with this week's inflation number and Fed minuets in the US a primary driver on the eventual course of interest rates direction. Whatever the outcome, the Trump show will be there to offer schadenfreude relief. Until Next Time

STRATEGY FOR WEEK 2 October -Now the worse trading month of September is behind us, were now able to enjoy volatile October. Yet one must be open to the fact that in last thirty years, seven of the ten largest one day falls in the market have occurred in October. The largest happening on 20 October 1987 when the FTSE 100 index fell 12.25%. The strength of equities in October may not be unconnected with the fact that the strong six month effect of the year starts at the end of October and investors may be anticipating this by increasing their weighting in equities during October. The first Friday of the month sees the reporting of non- farm payrolls and for this month payrolls expected to fall to 150K from 187K last month. Also key will be the ISM [purchasing managers index \(PMI\)](#) figures in the US. In the UK, revised data showed that the UK GDP grew more than expected in the second quarter of the year, raising hopes that the British economy may continue to operate in a slight expansion despite the high Bank Rate from the BoE. This week's Nationwide housing price data will reflect the changing fortunes of retail housing in the UK where house price falls have been the order of the day in response to the 14 hikes in UK base rates affecting mortgage availability and house prices. Oil prices have been creeping up to the \$100 a barrel mark and expect volatility to be closely associated with outcomes from the OPEC meeting this week. Volatility (expected moves) will be the watchword for this month as the VIX futures approached 20 last week implying that robustness in price action as a consequence. So when Volatility is high expected move is high and as an example the outcomes from this weeks OPEC will directly affect volatility in oil futures. Although not an option activist, price action can often be guided by option realized and historical volatility so a glimpse at the VIX and its numbers provides a useful metric on the state on market sentiment. Contagion is often a word avoided in finance circles but can aptly describes market failures. History has shown that when contagion spreads its difficult to put the genie back into the bottle as with the recent FTX crypto scandal. News last week of Hong Kong property developer Evergrande effectively being suspended is the first sign of trouble ahead with the Chinese property market being at the top of a bubble. Evergrande isn't the only property developer to find itself in hell. Country Garden, Sunac and many others are trapped in debt. The authorities decided to tighten credit conditions to clean up the market and punish all those real estate tycoons who thought they were masters of the world. But at the same time, the market turned upside down with the Covid-19 crisis and the loss of confidence of fewer and fewer buyers. Tightening credit conditions and oversupply with countless of apartments being left empty could see contagion spread internationally. A recent visit to Canary Wharf and east London with countless number of office blocks being left empty is a reflection of a wider problem of occupancy and declining business activity. The portfolio ended September with a +2.96% week on week increase offset by a -2.56% monthly decline. All the shares in the portfolio were in the ascendency in particular EQT Corp +9.25%, Devon Energy +7.79%, Tecnoglass +4.77%. Thungela Resources +3.87%. Arbor Realty seeing a 5% rise. I am still waiting patiently for its \$16.10 target which will allow me to recapture and reinvest. With nights closing in and changing weather expects focus to be directed towards energy with subsequent volatility as autumn recedes. I will continue to review and expect recovery in shares for the portfolio. Thungela has shown partial recovery with Modine Manufacturing begin to show its previous improvement, yet Recent Share Amphaster not showing any signs of improvement. This week I will be following the events in the US court cases for upcoming trump civil fraud trials as opposed to UK conference season with its mundane predictability. Here's hoping that October provides the catalyst needed to see the year end on a high. Until Next Time.

STRATEGY FOR WEEK 25 September – September continues to perform to its historical norm as last week markets were in retrograde. All three major US stocks indexed finished Last week in negative territory, as the Dow Jones slid 110 points, while S&P 500 lost and the Nasdaq closed lower by 0.2% and 0.1%, respectively. Last week, the Dow Jones lost 1.7% lower, while the S&P 500 and the Nasdaq declined 2.8% and 3.6%, respectively. In an average month of September the market tends to gently drift lower for the three weeks before rebounding slightly in the final week. Whilst in the UK the FTSE 100 closed a choppy session below the flat line at 7,670 last Friday, dropping 0.5% on the week as markets assessed the latest economic data and their potential impact on the BoE's future decisions. The BoE held its Bank Rate unchanged for the first time in nearly two years, opting to favour mounting growth concerns. Fresh data showed that the UK's private-sector activity contracted more than expected as higher borrowing costs are having a growing impact on service providers. Additionally, retail sales growth missed expectations in August, adding to bets that the BoE may prefer to refrain from raising rates again to attend a slowing economy. In the commodities arena WTI crude futures rose above \$91 per barrel last Friday, hovering close to ten-month highs amid concerns that a Russian ban on fuel exports could tighten global oil supply further. Wheat futures in the US fell below \$5.8 per bushel in September, the lowest in nearly three years, amid increasing supply from the world's top producers. Such info can be used as a basis for trade decision projections. By further analysing the US yield curve provides a means of economic projection. When the 30-year to 10-year bond yield curve is steepening, it means that the yield (interest rate) on the 30-year bond is increasing at a faster rate than the yield on the 10-year bond, or the yield on the 10-year bond is decreasing faster than the yield on the 30-year bond. Consequences of a steepening curve often indicate that investors expect stronger economic growth in the future with the knock on effect on inflation as demand for a higher yield for longer-term bonds needed to compensate for eroding purchasing power. Therefore readers should start to look at what risk one is prepared to accept in the forthcoming month of October. For the conservative, a risk averse approach normally adopted as opposed to the risk on approach by the hawkish investor. Risk on or Risk off is an individual's own assessment. One must be aware that October in the past has seen some wide volatility. Yet for the Risk on among you it may be the month where returns compensate for the dowdy September. The portfolio mimicked September historical norms with a -3.78% decline. Profits from August have all been eradicated as September frustrates August's previous good performance. Last week long standing US shipping share SFL was discarded in favour of IG Group holdings a financial services company. Previous commentary has mentioned holding period of return. Yes SFL had been a dividend payer but with a negative holding period of return over a year, I decided myself to restructure in favour of IGG that went ex divi last week. Other shares in the portfolio showed muted performance. Once ABR reaches the target price of \$16.10/\$16.15 I will look to reallocate as well as monitoring the performance of recent purchasers of Amphaster and Technoglass. Modine manufacturing has taken a back seat as of late. I have been using the TTM squeeze [The power of the TTM Squeeze - CLICK HERE](#) - , alligator, Awesome indicators as a valuable tool in technical assessment as it provides a useful way of providing an early warning system of potential future changes. The last week of September may yet prove the catalyst for the forthcoming month of October. Many of the biggest crashes have happened in October so keep on one's toes for expected volatility. There's always the impending US court cases on co-conspirators to keep us entertained if the stock market doesn't bear fruit. Until Next Time.

STRATEGY FOR WEEK 18 September - The market, for the most part, weakened last week, with all four major indexes closing lower amidst a seasonally tough time with

September being one of the worst market months of the year. Federal Reserve Chairman Jerome Powell and his mighty band of inflation fighters are set to meet this week for the sixth time this year. The Federal Reserve has a dual mandate to maintain price stability and to achieve maximum employment. In order to accomplish their mandate, one of the tools they can employ is increasing or decreasing interest rates, as they deem necessary. And, as of late, to tame the rampant inflation we've experienced, they have done that in spades since March 2022 by raising interest rates eleven consecutive times (as opposed to 14 by the BOE). It is widely believed that interest rates will be held steady at 5.25%-5.50% at the September meeting. The latest CPI in the US showed headline inflation increased 0.6% in August and is up 3.7% year-over-year, which is up from the 0.2% rise and 3.2% year-over-year increase in July. Rising crude oil prices drove much of the gain in US CPI in August, with energy prices soaring 5.6% in August and gasoline prices up 10.6%. In contrast the UK now has the highest inflation figure of the G7. Standing back and observing is often a powerful way of determining the future trajectory of economic and social changes. Last week's news that the UK economy had contracted by 0.5% provides a glimpse into the future. Alas my recent trips to the Midlands and general consensus on economic projections suggest that the UK is now likely on course for an upcoming recession normally associated with two quarters of negative growth. News also this week that Local Authorities are experiencing financial difficulties (going bust by publishing Section 114 notices) together with jobs cut backs on retailer Wilkinsons, Tata steel and general high street demise suggest the UK will be in a rough ride. Yet paradoxically a trip around Canary Wharf and Wembley suggest plenty of luxury apartments being built indicating a dichotomy between the wealthy south and the declining north. Levelling up is a word that's come into the lexicon of politician's hyperbole, so expect more verbosity being thrown at the unsuspecting public as election time approaches. Determining likely forward positive trends can often be assisted by looking at current year on year changes in varying sectors. The agriculture and AI sectors seem hot to trot as opposed to housing being heavily influenced by interest rate changes. As an interesting comparison between commodity year on year price movements for Orange Juice +91%, Cocoa +59% and sugar +50% and Oat +20% in contrast to Natural Gas -66%, Lithium -62% and wheat -30% provide useful analysis on what's in demand or not. The portfolio declined by -1.07% week on week offset by the UK stocks Thungela Resources +4.3% and Virgin Money +5.8% which were the best of the bunch last week. Amphaster has yet again failed to fulfil its initial optimism with a -5% week on week decline and future downward share price falls may lead to exclusion. Cutting disappointing losers and being brutal about amphaster liquidation is a decision that will be determined this week. I made the mistake of allowing Thungela to fall significantly. I do not intend to make the same mistake with Amphaster. Some shares just don't come up to expectation! Modine Manufacturing has yet to repeat its previous robust share performance so reviewing its performance this week will be on my agenda. Thungela goes ex-divi this week so expect price volatility post ex divi. My comment last week of disposing ABR Realty with a target price of \$16.15/ \$ 16.20 still holds true. All eyes will be set on the FED's interest rate decision. My humble guess will be no change in rates for now. With that in mind a bounce back in US markets may follow giving me the opportunity to dispose of ABR with a replacement US dividend stock. Until next time.